

R E M A R K S

- Claims 98-108 are pending in the present application
- Claims 98-108 stand rejected
- Claims 98-99 and 108 are the only independent claims

Telephone Interview

Applicants would like to thank the Examiner for the helpful telephone conversation held on November 4, 2002 with Applicants' representatives. The Examiner and Applicants' representatives discussed the present application in light of the Section 101 rejection.

During the conversation, Applicants' representatives submitted that independent Claim 99 is directed to statutory subject matter under Section 101 at least because it includes a feature directed to *determining, on a data processing device, a second discount*.

The Examiner indicated that the Section 101 rejection of independent Claim 99 would be reconsidered in light of this feature.

Although no formal agreement was reached with respect to patentability, Applicants are grateful for the opportunity to discuss the present application with the Examiner.

Section 101 Rejection

Claims 98-108 stand rejected under 35 U.S.C. 101 as being unpatentable as they "only recite an abstract idea." Applicants respectfully traverse the Examiner's Section 101 rejection.

1. Having a "useful, concrete and tangible result" is the only requirement under Section 101

A claimed invention that produces a **useful, concrete and tangible result** constitutes statutory subject matter, regardless of whether the claimed invention includes a mathematical algorithm. AT & T Corp., 172 F.3d 1352, 1356, 50 USPQ2d 1447, 1451; State Street Bank, 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1601.

Applicants agree with the Examiner that each of Claims 98-108 produces a "useful, concrete, and tangible result." See, Office Action, Page 4.

For example, each of independent Claims 98-99 recites a feature of *providing the second discount to the customer*. Independent Claim 108 provides for *exchanging at least one item for a payment amount that is based on the second discount*. As explained in the Specification, such a discount constitutes a useful, concrete and tangible result. By determining the second discount associated with a customer in accordance with various embodiments of the present invention, a merchant can, e.g., provide a discount immediately to a current transaction of a customer, as well as provide an incentive for a customer to return, in order to reduce the time between visits by the customer, thereby increasing sales, customer satisfaction and customer loyalty. See, e.g., Specification, page 19, lines 1-5.

As each of Claims 98-108 constitutes a practical application by producing a useful, concrete, and tangible result, Applicants respectfully submit that Claims 98-108 cannot only

recite an abstract idea, as asserted by the Examiner. Accordingly, Applicants respectfully request that the Examiner withdraw the Section 101 rejection of Claims **98-108**.

2. **“within the technological arts”**

The Examiner makes various assertions that a claimed invention:

- (i) “must be within the technological arts”; and/or
- (ii) “must somehow apply, involve, use, or advance the technological arts.”

There is no requirement known to Applicants that an invention be “within” or “apply, involve, use, or advance the technological arts”. Applicants respectfully request an explanation of the basis for such a requirement, and an explanation of a definition of the “technological arts”.

3. **“nothing...to suggest that a computer performs the recited steps”**

Applicants disagree with the Examiner’s conclusion that a method claim is non-statutory if “none of the recited steps are directed to anything in the technological arts...either in the preamble or in the claims.” Applicants note that there is **no such requirement** that something “in the body of the claim...suggest that a computer performs the recited steps” in order to be statutory.

Further, Applicants dispute the Examiner’s conclusion that failure to “suggest that a computer performs the recited steps” means that “none of the recited steps [of Claims **98 and 108**] are directed to anything in the technological arts.”

Also, as discussed above, Claims **98-108** produce a useful, concrete, and tangible result, and therefore **do not recite only an abstract idea**. Accordingly, it is not necessary that Claims **98-108** suggest a computer in order to “confer statutory subject matter to an otherwise abstract idea.”

4. **“intended or nominal use”**

With respect to independent Claim **99**, the Examiner asserts that the recited feature of a data processing device “is used merely to determine the second discount rather than to carry out the steps as claimed in the method. This is considered to be merely an intended or nominal use of a component....” Office Action, Page 3. Applicants respectfully traverse these assertions.

The feature of independent Claim **99** directed to *determining, on a data processing device, a second discount* clearly recites actual (not mere intended or nominal) use of a data processing device for determining the second discount in order to carry out the step as claimed.

Accordingly, Applicants respectfully request that the Section 101 rejection of Claims **98-108** be withdrawn.

Conclusion

It is submitted that all of the claims are now in condition for allowance. The Examiner's early re-examination and reconsideration are respectfully requested.

Please charge any fees that may be required for this Amendment to Deposit Account No. 50-0271. Furthermore, should an extension of time be required, please grant any extension of time which may be required to make this Amendment timely, and please charge any fee for such an extension to Deposit Account No. 50-0271.

If the Examiner has any questions regarding this amendment or the present application, the Examiner is cordially requested to contact Michael Downs at telephone number (203) 461-7292 or via electronic mail at mdowns@walkerdigital.com.

Respectfully submitted,

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Date



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